

AMENDED IN ASSEMBLY APRIL 12, 2005

CALIFORNIA LEGISLATURE—2005–06 REGULAR SESSION

ASSEMBLY BILL

No. 587

Introduced by Assembly Member Negrete McLeod

February 16, 2005

~~An act relating to Medicare.~~ *An act to amend Sections 22874 and 22876 of the Government Code, relating to public employees' health benefits.*

LEGISLATIVE COUNSEL'S DIGEST

AB 587, as amended, Negrete McLeod. ~~Medicare: public employees~~ *Public employees: health benefits.*

The Public Employees' Medical and Hospital Care Act requires the Board of Administration of the Public Employees' Retirement System to approve health benefit plans for certain public employees and annuitants, and authorizes the board to contract with carriers offering health benefit plans. *Pursuant to that law, certain state employees who become members of the system after January 1, 1989, may not receive any portion of the employer contribution payable for annuitants unless the employee is credited with 10 years of state service at the time of retirement.*

~~This bill would declare the intent of the Legislature to enact legislation that would facilitate the implementation and coordination of the Medicare prescription drug benefit by the Board of Administration of the Public Employees' Retirement System, ensuring that health benefits for Medicare-eligible participants continue to be provided in a coordinated and cost-effective manner~~ *revise that provision of law to specify the percentage of employer contributions payable for postretirement health benefits for those state employees. The employer contributions would range from 50% for an employee*

with 10 years of service to up to 100% for an employee with 20 or more years of service.

The Public Employees' Medical and Hospital Care Act provides that, notwithstanding a specified definition of "state service" and the exclusion of specified employees of the California State University or the Legislature, for purposes of meeting certain vesting requirements, employees of the Cities of Rubidoux and Coachella who become employees of the state on or before December 31, 1990, as a result of the state's assuming firefighter functions of the city, shall be credited with state service.

This bill would revise that provision of law to specify that it applies notwithstanding another provision's limits imposed on the receipt of state service credit by employees of a public agency for which the state has assumed a public agency function.

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~-yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 ~~SECTION 1. It is the intent of the Legislature to enact~~
2 SECTION. 1. Section 22874 of the Government Code is
3 amended to read:
4 22874. (a) Notwithstanding Sections 22870, 22871, and
5 22873, a state employee, defined by subdivision (c) of Section
6 3513, who becomes a state member of the system after January 1,
7 1989, may not receive any portion of the employer contribution
8 payable for annuitants unless the person is credited with 10 years
9 of state service at the time of retirement. This section shall apply
10 only to state employees that retire for service. For purposes of
11 this section, "state service" means service rendered as an
12 employee of the state or an appointed or elected officer of the
13 state for compensation. Notwithstanding Section 22826, for
14 purposes of this section, credited state service includes service to
15 the state for which the employee, pursuant to Section 20281.5,
16 did not receive credit.
17 (b) *The percentage of the employer contribution payable for*
18 *postretirement health benefits for an employee subject to this*
19 *section shall be based on the completed years of credited state*
20 *service at retirement, as shown in the following table:*

| | | |
|----|-----------------------|-------------------------------|
| 1 | <i>Credited Years</i> | <i>Percentage of Employer</i> |
| 2 | <i>of Service</i> | <i>Contribution</i> |
| 3 | 10 | 50 |
| 4 | 11 | 55 |
| 5 | 12 | 60 |
| 6 | 13 | 65 |
| 7 | 14 | 70 |
| 8 | 15 | 75 |
| 9 | 16 | 80 |
| 10 | 17 | 85 |
| 11 | 18 | 90 |
| 12 | 19 | 95 |
| 13 | 20 or more | 100 |

14
15 (c) This section does not apply to employees of the California
16 State University or the Legislature.

17 SEC. 2. Section 22876 of the Government Code is amended to
18 read:

19 22876. (a) For the purpose of meeting the vesting
20 requirements of Section 22873, employees of the County of
21 Merced who became employees of the state as a result of the
22 state's assuming firefighting functions for that county shall be
23 credited with state service for each completed year of service
24 with the county that would have been credited by the county for
25 the vesting of postretirement health benefits. The definition of
26 "state service" does not apply to employees of the County of
27 Merced who became employees of the state as a result of the
28 state assuming firefighting functions for the county on or before
29 August 1, 1988.

30 (b) Notwithstanding ~~subdivisions (c) and (f) of Section 22875~~
31 ~~Section 22875.5~~, for the purposes of meeting the vesting
32 requirements of Section 22873, 22874, or 22875, employees of
33 the Cities of Rubidoux and Coachella who become employees of
34 the state, on or before December 31, 1990, as a result of the
35 state's assuming firefighting functions for the city, shall be
36 credited with state service for each completed year of service
37 with the city. The city shall identify those employees and provide
38 the corresponding service credit information to the board.

39 (c) No employee whose firefighting function was transferred
40 to the state after December 31, 1990, shall receive credit toward

1 postretirement health benefits vesting unless the former employer
2 agrees to reimburse the state for the costs of that credit in
3 accordance with Section 22875.5.

4 ~~legislation to facilitate the implementation and coordination of~~
5 ~~the Medicare prescription drug benefit by the Board of~~
6 ~~Administration of the Public Employees' Retirement System,~~
7 ~~ensuring that health benefits for Medicare-eligible participants~~
8 ~~continue to be provided in a coordinated and cost-effective~~
9 ~~manner.~~